

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
COUNTY OF SOMERSET
AUDITORS' MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS - FINANCIAL,
COMPLIANCE AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2021

BOROUGH OF BOUND BROOK SCHOOL DISTRICTS
COUNTY OF SOMERSET
AUDITORS' MANAGEMENT REPORT ON ADMINISTRATIVE
FINDINGS - FINANCIAL,
COMPLIANCE AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2021
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The Honorable President and Members
of the Board of Education
Borough of Bound Brook School District
County of Somerset, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Board of Education of the Borough of Bound Brook School District in the County of Somerset for the fiscal year ended June 30, 2021, and have issued our report thereon dated November 1, 2021.

As part of our audit, we performed procedures required by the New Jersey Department of Education, and the findings and results thereof are disclosed on the following pages, as listed in the accompanying table of contents. This letter does not affect our report dated November 1, 2021, on the financial statements of the Board.

We will review the status of the comments during our next audit engagement. We have already discussed these comments and suggestions with various management personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This report is intended for the information of the Borough of Bound Brook School District's management and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.

November 1, 2021
Mount Arlington, New Jersey

Nisivoccia LLP
NISIVOCIA LLP

Valerie A. Dolan

Valerie A. Dolan
Licensed Public School Accountant #2526
Certified Public Accountant

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2021

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator and Treasurer, the activities of the Board of Education, the records of the various funds under the auspices of the Board of Education.

Administrative Practices and Procedures

Insurance

Multi-peril insurance coverage was carried in the amounts as detailed on Exhibit J-20, Insurance Schedule contained in the district's CAFR.

Officials in Office and Surety Bonds

| <u>Name</u> | <u>Position</u> | <u>Coverage</u> |
|-------------------|--|-----------------|
| Michael Steinmetz | Business Administrator/Board Secretary | \$ 350,000 |
| Thomas Venanzi | Treasurer of School Moneys | 350,000 |

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. The Board made a proper adjustment to the billings to sending districts in accordance with N.J.A.C.6A:23A-3.1(f)3.

Financial Planning, Accounting and Reporting

Examination of Claims

An examination of claims paid on a test basis, during the period under review did not indicate any discrepancies with respect to signatures, certification or supporting documentation. Based on the results of our testing, we have no comments.

Payroll Account and Position Control Roster

The net salaries of employees of the Board were deposited in the Payroll Account. Employees' payroll deductions and employer's share of fringe benefits were deposited in the Payroll Agency Account.

All payrolls tested were approved by the Chief School Administrator and certified by the President of the Board and the School Business Administrator and the Chief School Administrator.

Salary withholdings were promptly remitted to the proper agencies, including health benefits withholding due to the General Fund.

The required certification (E-CERT1) of compliance with requirements for income tax on compensation of administrators (superintendent, assistant superintendent, and business administrator) to the NJ Department of Treasury was filed in a timely manner.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2021

Financial Planning, Accounting and Reporting (Cont'd)

Finding 2021-001:

During the review of the District it was noted that the analysis of balance for the Payroll Agency account provided does not match to the District's reconciled book balance.

Recommendations

It is recommended that the District maintains an accurate analysis of balance for the Payroll Agency account.

Management Response

Administration will ensure the Payroll Agency analysis of balance is reviewed for accuracy.

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made on a test basis as of June 30, for proper classification of orders as reserve for encumbrances and accounts payable.

Classification of Expenditures – General and Administrative

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6A:23A-16.2(f) as part of our test of transactions of randomly selected expenditure items. In addition to randomly selecting a test sample, we reviewed administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A:23A-8.2. We also reviewed the coding of all expenditures included in our compliance and single audit testing procedures. As a result of the procedures performed, no significant transaction errors were noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

Finding 2021-002:

During our review of the District it was noted that there were several budgetary expenditure reclassifications made during the year between funds.

Recommendations

It is recommended that greater care be taken to ensure that expenditures are posted accurately to limit the number of expenditure reclassifications.

Management Response

Management will ensure that expenditures are accurately reflected in the various funds in the future to limit the number of expenditure reclassifications made during the year.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2021

Financial Planning, Accounting and Reporting (Cont'd)

Board Secretary's Records

In planning and performing our audit of the financial statements of the Board, we considered the condition of the Board Secretary's records for the purpose of expressing our opinion on the financial statements and not to provide specific assurance on the condition of the records. Based upon these procedures, we have the following comment.

Finding 2021-003:

During our review of the various bank reconciliations of the District it was noted that there are reconciling items on the bank reconciliation that have not either not been properly supported or resolved in a timely manner.

Recommendations

It is recommended that the bank reconciliations be reviewed and that only reconciling items that can be properly supported and validated appear on the bank reconciliations and that all reconciling items be addressed and resolved in a timely manner.

Management Response

The Business Administrator and Treasurer have continued to take steps to improve the bank reconciliation process and is resolving the reconciling items. Additionally, Administration will be made aware of the reconciling items monthly to ensure timely resolution is made in the future.

Finding 2021-004:

During our review of the June 2021 Monthly Transfer Report we noted that transfers in excess of 10% were made to the line items for Facilities Acquisition and Construction Services without the required County Superintendent approval.

Recommendations

It is recommended that the County Superintendent approval be obtained for any transfers in excess of 10% to the line items for Facilities Acquisition and Construction Services.

Management Response

The District will ensure that County Superintendent approval is obtained for any transfers in excess of 10% to the line items for Facilities Acquisition and Construction Services.

Treasurer's Records

In planning and performing our audit of the financial statements of the Board, we considered the condition of the Treasurer's records for the purpose of expressing our opinion on the financial statements and not to provide specific assurance on the condition of the records. Based upon these procedures we have no comments except as noted under the Board Secretary's records regarding bank reconciliations.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2021

Financial Planning, Accounting and Reporting (Cont'd)

Elementary and Secondary Education Act (E.S.E.A.) as amended by the Every Student Succeeds Act (E.S.S.A.)

The E.S.E.A. financial exhibits are contained herein within the Special Revenue Section of the District's CAFR. This section of the CAFR documents the financial position pertaining to projects under Title I, Title II, Title III and Title IV of the Elementary and Secondary Education Act as amended and reauthorized.

Other Special Federal and/or State Projects

The District's Special Projects were approved as listed on Schedule A and Schedule B located in the CAFR.

Our audit of the federal and state funds on a test basis indicated that obligations and expenditures were incurred during the fiscal year or project period for which the project was approved.

The financial exhibits are contained within the Special Revenue Section of the CAFR. This section of the CAFR documents the financial position pertaining to the aforementioned special projects.

Preschool Education Aid

The State of New Jersey Department of Education (DOE) requires approval of transfer of funds within approved Preschool Education Aid (PEA) planning budgets by May 31 of the budget year. Revisions/transfers requiring approval are those that include the elimination of funding allocated to a line, any transfer from Instruction to Support Services, and any transfer into Facilities Acquisition and Construction Services (from either Instruction or Support Services). These revisions/transfers require prior DOE written approval. The chief school administrator or the school business administrator must complete and sign the transfer notification form and submit the form to the executive county superintendent for approval.

Finding 2021-005:

During our review of the Preschool Education Aid budget, it was found that revisions and transfers were made as there was an elimination of funding allocated to a line and transfers from Instruction to Support Services. These revisions and transfers were done without prior executive county superintendent approval or DOE written approval.

Recommendation

It is recommended that the District obtain prior approval of revisions and transfers within approved Preschool Education Aid planning budgets as required by the Department of Education.

Management's Response

Administration will ensure that prior approval of revisions and transfers within approved Preschool Education Aid planning budgets are obtained as required by the Department of Education.

T.P.A.F. Reimbursement

Our audit procedures included a test of the biweekly reimbursements filed with the Department of Education for district employees who are members of the Teachers Pension and Annuity Fund. No exceptions were noted.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2021

Financial Planning, Accounting and Reporting (Cont'd)

T.P.A.F. Reimbursement to the State for Federal Salary Expenditures

The T.P.A.F. Reimbursement to the State for Federal Salary Expenditures was remitted to the State of New Jersey prior to the required deadline of October 1, 2021. The reimbursement form was reviewed and no exceptions were noted.

Travel Expenses

Travel regulations require each District to adopt a formal policy and procedure pertaining to travel and expense reimbursement for its employees and board members. The regulations include requirements for the District to establish a maximum travel amount for the year and to ensure that the maximum amount is not exceeded. The regulations also require that all travel must be preapproved by the Board of Education and Superintendent and that a brief report detailing the key issues addressed at the travel event must be submitted after the travel event has occurred. Overall compliance was noted.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

N.J.S.A. 18A:18A-3 states:

“When the cost or price of any contract awarded by the purchasing agent in the aggregate, does not exceed in a contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent when so authorized by resolution of the Board of Education without public advertising for bids and bidding therefore, except that the Board of Education may adopt a resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to subsection b. of section 9 of P.L.1971, c. 198 the Board of Education may establish that the bid threshold may be up to \$25,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section. Commencing in the fifth year after the year in which P.L.1999, c. 440 takes effect and every five years thereafter, the Governor, in consultation with the Department of Treasury, shall adjust the threshold amount and the higher threshold amount which the Board of Education is permitted to establish as set forth in subsection a. of this section or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in N.J.S.A. 18A:18A-2, and shall round the adjustment to the nearest \$1,000. The Governor shall notify all local school districts of the adjustment no later than June 1 of every fifth year. The adjustment shall become effective on July 1 of the year in which it is made”

N.J.S.A. 18A:18A-4 states, "Every contract for the provision or performance of any goods or services the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the Board of Education to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this chapter or specifically by any other law”

Effective July 1, 2020 and thereafter the bid thresholds in accordance with *N.J.S.A.* 18A:18A-2 and 18A:18A-3(a) are \$44,000 (with a Qualified Purchasing Agent) and \$32,000 (without a Qualified Purchasing Agent), respectively. The law regulating bidding for public school student transportation contracts under *N.J.S.A.* 18A:39-3 is currently \$19,600 for 2020-2021.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2021

School Purchasing Programs (Cont'd)

Contracts and Agreements Requiring Advertisement for Bids (Cont'd)

The Board of Education has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the contract year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Attorney's opinion should be sought before a commitment is made.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed. General compliance was noted.

The results of our examination indicated that no individual payments, contracts, or agreements were made "for the performance of any work or the furnishing or hiring of any materials or supplies", in excess of the statutory thresholds where there had been no advertising for bids in accordance with the provision of N.J.S.A. 18A:18A-4.

Resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 18A:18A-5.

The system of records did not provide for an accumulation of purchases for which the school board used contracts entered into by the State Department of Purchase and Property pursuant to Ch. 114, P.L. 1977, therefore, the extent of such purchases could not reasonably be ascertained.

School Food Service

The school food service program was not selected as a major federal and/or state program. However, the program expenditures exceeded \$100,000 in federal and/or State support. Accordingly, we inquired of school management, or the appropriate school food service personnel, as to whether the School Food Authority (SFA) had any Child Nutrition Program reimbursement overclaims or underclaims. No exceptions were noted.

We also inquired of school management, or appropriate school food service personnel, as to whether the SFA's expenditures of school food service revenues were limited to allowable direct and indirect costs. No exceptions were noted.

Non-program foods were not purchased, prepared or offered for sale.

Exhibits reflecting Child Nutrition Program operations are included in the section entitled "Proprietary Funds", Section G of the CAFR.

We inquired of management about the public health emergency procedures/practices that the SFA instituted to provide meals to all students, maintenance of all applicable production records, meal counts, noncompetitive procurements, modification of existing contracts and applicable financial records to document the specific costs applicable to the emergency operations.

We also inquired if the FSMC received a loan in accordance with the Payroll Protection Plan and whether the funds were used to pay for costs applicable to the Food Service Programs. We also inquired if the PPP Loan was subsequently forgiven and the FSMC refunded or credited the applicable amounts to the SFA if the FSMC received a PPP loan.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2021

Student Body Activities

In planning and performing our audit of the financial statements of the Board, we considered the condition of the Student Activities records for the purpose of expressing our opinion on the financial statements and not to provide specific assurance on the condition of the records. Based on these procedures, we have no comments.

Application for State School Aid

Our audit procedures included a test of information reported in the October 15, 2020 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the disabled, low income students and bilingual education. We also performed a review of the District procedures related to its completion. The information on the A.S.S.A. was compared to the District workpapers with minor exceptions. The information that was included on the workpapers was verified on a test basis with minor exceptions. The results of our procedures are presented in the Schedule of Audited Enrollments.

The District did maintain workpapers on the prescribed State forms or their equivalent. The District has adequate written procedures for the recording of student enrollment data.

Pupil Transportation

Our audit procedures included a test of on-roll status reported in the 2020-2021 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

Our procedures also included a review of transportation related contracts and purchases. Based on our review, the District complied with proper bidding procedures and award of contracts. The bid specifications for the purchase of buses were in compliance with applicable statutes. No exceptions were noted in our review of transportation related purchases of goods and services.

Facilities and Capital Assets

There are no active SDA grant projects.

Finding 2021-006:

During our review of Capital Assets records, it was noted that the formal consolidated fixed asset accounting records were not updated to include additions, deletions and other adjustments. The District was able to provide a detailed listing of the additions, deletions and other adjustments, which has been included in their district-wide financial statements.

Recommendation

It is recommended that the District update its capital asset inventory records.

Management's Response

Administration will research and contract with an outside appraisal company to prepare an updated inventory of capital assets.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE
AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2021

Testing for Lead of All Drinking Water in Educational Facilities

The District did submit the annual Statement of Assurance to the NJ Department of Education, pursuant to N.J.A.C. 6A:26-12.4(g).

Management Suggestions:

Governmental Accounting Standards Board (GASB) Statements

GASB Statement No. 87, *Leases*, is effective for the fiscal year ended June 30, 2022. Under this statement, the District will be required to recognize a lease liability and an intangible right-to-use asset for each lease agreement with a lease term in excess of 12 months. This statement will enhance the comparability of financial statements among governments by requiring the reporting of leases under a single model. Additionally, certain leases that are currently not reported will be under this statement.

COVID-19 Federal Funding

It is likely that the District will undergo some review of its COVID-19 federal funding if only at a desk review level by state and/or federal agencies. We strongly suggest that the District ensures that these funds are utilized in accordance with the applicable federal requirements especially with respect to procurement. Additionally, we strongly suggest that the District ensures that these funds are accounted for in the state account numbers designated by the NJ Department of Education and that any applicable Board policies are current with respect to federal grant requirements.

Sick and Vacation Leave

It is suggested that the District consult with its attorney to ensure that its negotiated labor contracts, individual employee agreements and employee policies, as applicable, are in accordance with New Jersey statutes regarding unused sick and vacation leave.

Status of Prior Year's Findings/Recommendations

The recommendations regarding accurate posting of expenditures, bank reconciliations and prior approval of Preschool Education Aid budget transfers have not been resolved in the current year and are included as current year recommendations.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
SCHEDULE OF AUDITED ENROLLMENTS
ENROLLMENT AS OF OCTOBER 15, 2020

| | 2021-2022 Application for State School Aid | | | | Sample for Verification | | | | | |
|--------------------------------|--|--------|--------------------|--------|--------------------------|--------|-------------------|--------|-------------------|--------|
| | Reported on | | Reported on | | Sample | | Verified per | | Errors per | |
| | A.S.A. On Roll | | Workpapers On Roll | | Selected from Workpapers | | Registers On Roll | | Registers On Roll | |
| | Full | Shared | Full | Shared | Full | Shared | Full | Shared | Full | Shared |
| Full Day Preschool 4 Years Old | 55 | | 55 | | 55 | | 55 | | | |
| Full Day Kindergarten | 106 | | 106 | | 106 | | 106 | | | |
| Grade One | 107 | | 107 | | 107 | | 107 | | | |
| Grade Two | 130 | | 131 | 1 | 131 | | 131 | | | |
| Grade Three | 120 | | 120 | | 120 | | 120 | | | |
| Grade Four | 101 | | 101 | | 101 | | 101 | | | |
| Grade Five | 108 | | 108 | | 108 | | 108 | | | |
| Grade Six | 126 | | 126 | | 126 | | 126 | | | |
| Grade Seven | 121 | | 121 | | 121 | | 121 | | | |
| Grade Eight | 115 | | 115 | | 115 | | 115 | | | |
| Grade Nine | 126 | 8 | 126 | 8 | 126 | 8 | 126 | 8 | | |
| Grade Ten | 116 | 5 | 116 | 5 | 116 | 5 | 116 | 5 | | |
| Grade Eleven | 92 | 2 | 93 | 2 | 93 | 2 | 93 | 2 | | |
| Grade Twelve | 103 | 1 | 103 | 1 | 103 | 1 | 103 | 1 | | |
| Subtotal | 1,526 | 16 | 1,528 | 16 | 1,528 | 16 | 1,528 | 16 | | |
| Special Ed - Elementary | 138 | | 137 | (1) | 13 | | 12 | | 1 | |
| Special Ed - Middle School | 67 | | 67 | | 6 | | 5 | | 1 | |
| Special Ed - High School | 87 | 13 | 86 | (1) | 6 | | 6 | | | |
| Subtotal | 292 | 13 | 290 | (2) | 25 | | 23 | | 2 | |
| Totals | 1,818 | 29 | 1,818 | 29 | 1,553 | 16 | 1,551 | 16 | 2 | -0- |
| Percentage Error | | | | | 0.00% | | | | 0.13% | 0.00% |

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
SCHEDULE OF AUDITED ENROLLMENTS
ENROLLMENT AS OF OCTOBER 15, 2020

| | Private Schools for Disabled | | | | Resident Low Income | | | | | |
|----------------------------|---|---|-------------------------|-----------------|---------------------|------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|---------------|
| | Reported on A.S.S.A. as Private Schools | Reported on Workpapers as Private Schools | Sample for Verification | Sample Verified | Sample Errors | Reported on A.S.S.A. as Low Income | Reported on Workpapers as Low Income | Sample Selected from Workpapers | Verified to Application and Register | Sample Errors |
| Full Day Kindergarten | | | | | | 70 | 70 | 2 | 2 | |
| Grade One | | | | | | 71 | 71 | 2 | 2 | |
| Grade Two | | | | | | 86 | 87 | 2 | 2 | 1 |
| Grade Three | | | | | | 92 | 92 | 2 | 2 | |
| Grade Four | | | | | | 77 | 77 | 2 | 2 | |
| Grade Five | | | | | | 81 | 81 | 2 | 2 | |
| Grade Six | | | | | | 94 | 94 | 2 | 2 | |
| Grade Seven | | | | | | 81 | 81 | 2 | 2 | |
| Grade Eight | | | | | | 87 | 87 | 2 | 2 | |
| Grade Nine | | | | | | 96 | 98 | 2 | 2 | 2 |
| Grade Ten | | | | | | 80.0 | 80.0 | 2 | 2 | |
| Grade Eleven | | | | | | 66 | 66 | 2 | 2 | |
| Grade Twelve | | | | | | 65 | 64 | 2 | 2 | (1) |
| Subtotal | | | | | | 1,046 | 1,048 | 26 | 26 | 2 |
| Special Ed - Elementary | 5 | 5 | 1 | | | 119 | 119 | 2 | 2 | (1) |
| Special Ed - Middle School | 1 | 1 | 1 | 1 | | 59 | 59 | 2 | 2 | |
| Special Ed - High School | 11 | 11 | 2 | 2 | | 78 | 78 | 1 | 1 | |
| Subtotal | 17 | 17 | 4 | 3 | | 256 | 256 | 5 | 5 | (1) |
| Totals | 17 | 17 | 4 | 3 | | 1,302 | 1,304 | 31 | 31 | 2 |
| Percentage Error | | | | | | | | | | 0.15% |
| | | | | | | | | | | 0.00% |

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
SCHEDULE OF AUDITED ENROLLMENTS
ENROLLMENT AS OF OCTOBER 15, 2020

| | Resident LEP Low Income | | | | | |
|--------------------------|---|--|--------|--|--|------------------|
| | Reported on A.S.A. as LEP Low Income | Reported on Workpapers LEP Low Income | Errors | Sample Selected from Workpapers | Verified to Test Scores, Application and Register | Sample Errors |
| Full Day Kindergarten | | | | | | |
| Grade One | 27 | 27 | | 2 | 2 | |
| Grade Two | 24 | 24 | | 3 | 3 | |
| Grade Three | 30 | 30 | | 2 | 2 | |
| Grade Four | 24 | 24 | | 1 | 1 | |
| Grade Five | 19 | 19 | | 1 | 1 | |
| Grade Six | 15 | 15 | | 1 | 1 | |
| Grade Seven | 12 | 12 | | 1 | 1 | |
| Grade Eight | 12 | 12 | | 1 | 1 | |
| Grade Nine | 26 | 26 | | 1 | 1 | |
| Grade Ten | 13 | 13 | | 2 | 2 | |
| Grade Eleven | 10 | 10 | | 1 | 1 | |
| Grade Twelve | 7 | 7 | | 1 | 1 | |
| Subtotal | 243 | 243 | | 17 | 17 | |
| Special Ed - Elementary | 9 | 9 | | | | |
| Special Ed - High School | 1 | 1 | | 1 | 1 | |
| Subtotal | 10 | 10 | | 1 | 1 | |
| Totals | 253 | 253 | -0- | 18 | 18 | -0- |
| Percentage Error | | | 0.00% | | | 0.00% |

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
SCHEDULE OF AUDITED ENROLLMENTS
ENROLLMENT AS OF OCTOBER 15, 2020

| | Resident LEP Not Low Income | | | | | |
|-------------------------|---|--|---------------------|--|--|---------------------|
| | Reported on A.S.S.A. as LEP Not Low Income | Reported on Workpapers LEP Not Low Income | Errors | Sample Selected from Workpapers | Verified to Test Scores and Register | Sample Errors |
| Full Day Kindergarten | 8 | 8 | | | | |
| Grade One | 9 | 9 | | 1 | 1 | |
| Grade Two | 9 | 9 | | 1 | 1 | |
| Grade Three | 5 | 5 | | 1 | 1 | |
| Grade Five | 4 | 4 | | 1 | 1 | |
| Grade Six | 1 | 1 | | | | |
| Grade Seven | 1 | 1 | | | | |
| Grade Eight | 3 | 3 | | | | |
| Grade Nine | 2 | 2 | | 1 | 1 | |
| Grade Ten | 6 | 6 | | 1 | 1 | |
| Grade Eleven | 2 | 2 | | 1 | 1 | |
| Grade Twelve | 3 | 3 | | 1 | 1 | |
| Subtotal | <u>53</u> | <u>53</u> | | <u>8</u> | <u>8</u> | |
| Special Ed - Elementary | 1 | 1 | | | | |
| Subtotal | <u>1</u> | <u>1</u> | | | | |
| Totals | <u><u>54</u></u> | <u><u>54</u></u> | <u><u>-0-</u></u> | <u><u>8</u></u> | <u><u>8</u></u> | <u><u>-0-</u></u> |
| Percentage Error | | | <u><u>0.00%</u></u> | | | <u><u>0.00%</u></u> |

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
 APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2020

| | Transportation | | | | | |
|-----------------------------|--------------------------|-------------------------------|------------|-----------|-----------|--------------|
| | Reported on DRTRS by DOE | Reported on DRTRS by District | Errors | Tested | Verified | Errors |
| Regular - Public Schools | 38 | 38 | | 6 | 6 | |
| Regular - Special Education | 5 | 5 | | 2 | 2 | |
| Special Needs Public | 13 | 13 | | 3 | 3 | |
| Special Needs Private | 13 | 13 | | 4 | 3 | 1 |
| Totals | <u>69</u> | <u>69</u> | | <u>15</u> | <u>14</u> | <u>1</u> |
| Percentage Error | | | <u>-0-</u> | | | <u>7.14%</u> |

| | Reported | Recalculated |
|--|----------|--------------|
| Average Mileage - Regular Including Grade PK Students | 5.4 | 5.4 |
| Average Mileage - Regular Excluding Grade PK Students | 5.4 | 5.4 |
| Average Mileage - Special Education with Special Needs | 8.1 | 8.1 |

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
FISCAL YEAR ENDED JUNE 30, 2021

EXCESS SURPLUS CALCULATION

Section 1 - REGULAR DISTRICT

| | | |
|--|---------------------------|-------------------------|
| 2020-2021 Total General Fund Expenditures per the CAFR | <u>\$ 35,567,820</u> (B) | |
| Increased by: | | |
| Transfer from Capital Outlay to Capital Projects Fund | <u>\$ -0-</u> (B1a) | |
| Transfer from Capital Reserve to Capital Projects Fund | <u>\$ -0-</u> (B1b) | |
| Transfer from General Fund to Special Revenue Fund for Pre K - Regular | <u>\$ -0-</u> (B1c) | |
| Transfer from General Fund to Special Revenue Fund for Pre K - Inclusion | <u>\$ 166,932</u> (B1d) | |
| Decreased by: | | |
| On-Behalf TPAF Pension and Social Security | <u>\$ 5,872,417</u> (B2a) | |
| Assets Acquired Under Capital Leases | <u>\$ -0-</u> (B2b) | |
| Adjusted 2020-2021 General Fund Expenditures [(B)+(B1's)-(B2's)] | <u>\$ 29,862,335</u> (B3) | |
| 4% of Adjusted 2020-2021 General Fund Expenditures [(B5) times .04] | <u>\$ 1,194,493</u> (B4) | |
| Enter Greater of (B4) or \$250,000 | <u>\$ 1,194,493</u> (B5) | |
| Increased by: Allowable Adjustment | <u>\$ 184,533</u> (K) | |
| Maximum Unassigned Fund Balance [(B5)+(K)] | | <u>\$ 1,379,026</u> (M) |

Section 2

| | | |
|--|--------------------------|--------------------------|
| Total General Fund - Fund Balances @ 6/30/2021 (Per CAFR Budgetary Comparison Schedule C-1) | <u>\$ 6,617,385</u> (C) | |
| Decreased by: | | |
| Year-End Encumbrances | <u>\$ 585,547</u> (C1) | |
| Legally Restricted - Designated for Subsequent Year's Expenditures | <u>\$ -0-</u> (C2) | |
| Excess Surplus - Designated for Subsequent Year's Expenditures | <u>\$ 482,740</u> (C3) | |
| Other Restricted Fund Balances | <u>\$ 4,193,293</u> (C4) | |
| Assigned - Designated for Subsequent Year's Expenditures | <u>\$ -0-</u> (C5) | |
| Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)] | | <u>\$ 1,355,805</u> (U1) |

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
FISCAL YEAR ENDED JUNE 30, 2021

Section 3

Restricted Fund Balance-Excess Surplus [(U1)-(M)] IF NEGATIVE, ENTER -0- \$ -0- (E)

Recapitulation of Excess Surplus as of June 30, 2021

Restricted Excess Surplus - Designated for Subsequent Year's Expenditures \$ 482,740 (C3)

Restricted Excess Surplus [(E)] \$ -0- (E)

Total [(C3)+(E)+(F)] \$ 482,740 (D)

Detail of Allowable Adjustments

Impact Aid \$ -0- (H)

Sale and Lease Back \$ -0- (I)

Extraordinary Aid \$ 184,533 (J1)

Additional Nonpublic School Transportation Aid \$ -0- (J2)

Total Adjustments [(H)+(I)+(J1)+(J2)] \$ 184,533 (K)

Detail of Other Restricted Fund Balance

Statutory Restrictions \$ -0-

Approved Unspent Separate Proposal \$ -0-

Capital Outlay for a District with a Capital Outlay SGLA \$ -0-

Sale/Lease-Back Reserve \$ -0-

Capital Reserve \$ 2,727,935

Emergency Reserve \$ 250,869

Maintenance Reserve \$ 953,680

Tuition Reserve \$ -0-

Unemployment Compensation \$ 260,809

Other State/Governmental Mandated Reserve \$ -0-

Other Restricted Fund Balance not Noted Above \$ -0-

Total Other Restricted Fund Balance \$ 4,193,293

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
SUMMARY OF RECOMMENDATIONS
FISCAL YEAR ENDED JUNE 30, 2021

It is recommended that:

1. Administrative Practices and Procedures

None

2. Financial Planning, Accounting and Reporting

Finding 2021-001:

It is recommended that the District maintains an accurate analysis of balance for the Payroll Agency account.

Finding 2021-002:

Greater care be taken to ensure that expenditures are posted accurately to limit the number of expenditure reclassifications.

Finding 2021-003:

The bank reconciliations be reviewed and that only reconciling items that can be properly supported and validated appear on the bank reconciliations and that all reconciling items be addressed and resolved in a timely manner.

Finding 2021-004:

County Superintendent approval be obtained for any transfers in excess of 10% to the line items for Facilities Acquisition and Construction Services.

Finding 2021-005:

The District obtain prior approval of revisions and transfers within approved Preschool Education Aid planning budgets as required by the Department of Education

3. School Purchasing Program

None

4. School Food Service

None

5. Student Body Activities

None

6. Application for State School Aid

None

7. Pupil Transportation

None

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
SUMMARY OF RECOMMENDATIONS
FISCAL YEAR ENDED JUNE 30, 2021

8. Facilities and Capital Assets

Finding 2021-006:

The District update its capital asset inventory records

9. Travel Expenses

None

10. Miscellaneous

None

11. Status of Prior Year's Findings/Recommendations

The recommendations regarding accurate posting of expenditures, bank reconciliations and prior approval of Preschool Education Aid budget transfers have not been resolved in the current year and are included as current year recommendations.